FUNDING APPROPRIATIONS STRATEGIES COMMITTEE (FAST)

DATE: December 6, 2017 **TIME:** 3:00pm **LOCATION:** EIC

MEETING CALLED BY	Chairman Tony Lathrop
BOARD ATTENDEES	Tony Lathrop, David Tyeryar, Landon Zimmer, Grady Hunt, Allen Moran, Pat Molamphy

AGENDA TOPICS

1. November 2017 FAST Meeting Minutes Approval	
DISCUSSION SUMMARY	November 2017 FAST Meeting Minutes
ACTIONS TAKEN	Approved Unanimously

2. National Transportation Revenues – Jennifer Brickett (AASHTO)	
DISCUSSION SUMMARY	Average annual spending by different levels of government by highway and transit. Nationwide on average 25% spending comes federal dollars and 75% comes from state and local dollars. Federal gas tax has not been increased since 1993. At the federal level we are facing a federal funding cliff. What this means is receipts coming in the highway trust fund aren't' keep pace with the out ways that are going out to states. Some of the reasons are federal gas tax has not been increased since 1993 and hasn't been adjusted for inflation and cars are becoming more fuel efficient so the purchasing power of the gas tax has declined. As a result of this, we are facing a cliff by 20-21. Federal funding for highways is projected to be reduced by 40% 21-23 is projected to be flattened out at 0. By 2026 the purchasing power is expected to be reduced by 52%. The administration has talked about an Infrastructure package $200 billion dollars raising to a Trillion dollars by leveraging private investments and leveraging state and local dollars. Revenue source for the $200B dollar hasn't been identified. Infrastructure package has included all infrastructure. Some of the principles of the Infrastructure packages is targeting federal investments, encourage self-help, align infrastructure investment with entities best suited for provide sustained and efficient investment, and leverage the private sector. AASHTO has developed their own principles around this infrastructure package. Support traditional federal program based on formula dollars, and essential to have direct funding. States primarily rely on gas tax to raise revenues for infrastructure projects. Nationwide there are 54 different revenue sources.

Georgia passed HB 170 in 2015. Increased the per gallon motor fuel tax from 7.5 cents to 26 cents, indexed from 2016-2018 for CPI increases, created hotel/motel fee of $5, heavy vehicle annual impact fee of $50 for vehicles 15,500-26,000lbs; $100 for vehicles greater than 26,001lbs, new $200 registration fee for alternative fuel vehicles and indexes fees to inflation, counties and municipalities can impose a sales tax for transportation up to 1%.

Virginia passed HB 2313 in 2013. Repealed Virginia's 17.5 cents-per-gallon gas tax entirely, implemented 5.1% motor fuel tax at the rack, implemented 6% diesel sales tax at rack, implemented motor vehicle titling tax from 3% to 4.15%, increased share of existing general sales and use tax dedicated to transportation from 0.5% to 0.6%, increased retail sales and use tax from 5.0% to 5.3%, dedicating the increase to transportation.

Provided additional tax in congested regions of Northern Virginia and Hampton Roads for regional needs.

West Virginia passed SB 1006 in 2017. Motor fuel tax is a combination of a flat rate of 20.5 cents/gal and a variable rate tax on the wholesale price of fuel. Bill increased artificial price floor of the 5 percent wholesale tax from $2.34 to $3.04, effectively increasing the variable rate portion of the fuel tax by 3.5 from 11.7 to 15.2 cents per gallon. Increased sales tax on motor vehicles and other motor vehicle related fees.

Oregon passed HB 2017 in 2017. Increased the states gas tax by 10 cents per gallon incrementally through 2024, established a new vehicle registration fee based on fuel efficiency, created new privilege tax on the sale of motor vehicles, new sales tax on bicycles, and established payroll tax increase dedicated to public transportation.

OReGo provides choice of state account manager or commercial account manager, adding once commercial account manager and losing one since launch. Been in operation since 2015.

PPP (P3) Option:
Can advance large complex transportation projects with revenue streams that may leverage private sources of investment capital.

Can create cost savings and production/operating efficiencies.

Typically transfers construction, financing and other risks from the public sector to private partner(s).

PPP's themselves do not create new money for state and local project sponsors. Private investment must be repaid with general revenue (taxes) or project-specific revenue (tolls).

<u>Questions:</u>

Do you have a rule of thumb of what is the average fuel economy of the vehicles on the road for our state? Burt Tasaico said fuel efficiency would be around 20 miles to the gallon. We assumed people drove 15,000 miles per year in the state. If you divide the total mileage by fuel efficiency you get 750 gallons of consumption per year then multiply by tax rate, you are roughly paying $240 per year in gas tax.

	Working with SAS, we are now collecting information from DMV on every vehicle that is being registered on a monthly basis and comparing that against the federal government's database to determine what our rolling average fuel economy of the fleet in the state. Not doing this on new car sales. This would slant our answers. A lot of states indexing. NC is the second state in the country that has indexed their DMV fees.
ACTIONS TAKEN	N/A

3. MEETING ADJOURNED – CHAIR TONY LATHROP	
DISCUSSION SUMMARY	Chair Tony Lathrop adjourned meeting at 4:00pm
ACTIONS TAKEN	N/A